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To: The Members of the Transportation Committee

Re: SB 261, Sec. 8, An Act Concerning Recommendations by the Department of Motor Vehicles

I wish to add my voice in **opposition** to Section 8 of Senate Bill 261, which, if passed as it is currently written, would increase the current minimum insurance coverage for taxicabs from 100,000 dollars to 500,000 dollars.

As the Insurance Support Manager for the Curtin Transportation Group of companies I am tasked with procuring insurance policies, review of coverage, cost comparisons, risk management, and follow up on claims and liaison with brokers and insurance companies. Although I am not a licensed insurance agent or broker, my forty plus years of experience in these tasks should speak for itself.

It has been my practice to “shop” all of our various policies every year through a minimum of three to four brokers. I contact brokers in various parts of the country to seek the best priced coverage we can obtain. Taxicabs are particularly problematic and have been increasingly difficult to place over the past few years. There are very few insurance companies that are licensed to do business in Connecticut that will issue a taxicab insurance policy. At the present time, with a minimum coverage of \$100,000, the premiums range from a low of \$5,000 per taxi to \$10,000 per taxi, annually. The range is based on loss modifiers created from historical data for the industry as well as the individual person or company’s loss history seeking the coverage. Some of the companies I approached stated their minimum premium per taxicab starts at \$8,000 per taxi. One of them started at \$10,000.

Having been aware of this pending bill, in the 3rd quarter of 2020 I worked with brokers in Connecticut, New York, Massachusetts, California, Utah and Nevada seeking to find any insurance company that would provide a quote for taxicab insurance coverage in Connecticut at a minimum of \$500,000. Not one of the brokerage houses could get any insurance company to provide a quote or even express an interest.

I would like to point out that the cost of insurance for rideshare platform programs are much lower as a result of the use of a new, and exclusive, insurance methodology that is not available at the present time for other members of the transportation community. The model being used is applied to owner operators (independent contractors) who utilize their own vehicles in providing the transportation services for the rideshare platform. The independent contractor has their own insurance on the vehicle which is in force when they are not engaged in for hire

public transportation. When they get an order to proceed to pick up a client then the rideshare platform's insurance comes into play from the point that they get the message to provide services, pick up the client and then drop off the client. Once the client has exited the vehicle then the independent contractor's insurance goes back into effect. Taxicab independent operators cannot obtain this type of coverage although they to are operating under the same conditions. Instead, they are paying full rate 24 hours per day and seven days a week whether the car is parked all day and goes nowhere or not. Those insurance companies that provide coverage for rideshare platforms effectively will not write coverage for one or two vehicles as they have a minimum premium standard of \$15,000 to \$50,000, depending on which insurance company you contact. Imagine what that does for a budding entrepreneur trying to start up a rideshare company. In order to overcome this well thought out plan by the insurance companies and big platform rideshare services, you have to be able to start out with at least five cars to get near cost effective.

Presuming this bill passes and "pool companies" are the only resort to obtain coverage then the increased cost will be substantial. As we all know, increased costs get passed on to the client base. Taxicab companies will have to petition for a rate increase. The average taxicab client is ill equipped to absorb the increased rate costs and will undoubtedly be forced to find other means of transportation. It may seem crass to harp on the subject of cost, I realize the importance of public safety is paramount. Still, our client base is in large part made up of lower income individuals who cannot afford a vehicle of their own and are unable to afford a rate increase on taxicab service without an ill effect on their economic lives. Portions of our service area include a military installation where lower rank service members are underpaid, college students who rely on their parents for a portion of their income, single parent households earning lower tier wages and service workers in low paying jobs struggling to meet their expenses.

Additionally, we now live in a Covid-19 world and will continue to do so into the unforeseeable future. Covid-19 has had a devastating effect on all manner of businesses. From small mom and pop operations to major corporations, practically everyone has had their lives and businesses impacted in a negative fashion. Besides the loss of revenue to the billion dollar rideshare industry platforms, taxicab companies (which are much smaller with nowhere near the financial capabilities) must also cope with shrinking revenues as the tourist attractions have reduced clientele, places of higher education have gone to remote learning, medical facilities have reduced in office visits in favor of smart phone consultations, and transportation hubs have reduced ridership. Corporations have cut back on transportation expenses as well. At the present time even I am telecommuting to work being unable to travel back and forth as I did in the past.

Please consider the state of the state, as it is now and into the future, before passing a bill of this nature which would cripple an already troubled industry. Public convenience and necessity is the hallmark of the Department of Transportation. A bill of this nature would serve to take that credo in the opposite direction. Public safety is already provided for with the network of

oversight state agencies involved, capable professional insurance companies and a fair and equitable judicial system.

Thank you for your time and consideration.

Ed Ernst